

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:	§	
	§	
SPARTAN GROUP HOLDINGS, LLC, <i>et al.</i>	§	CASE NO. 23-42384-11
	§	
	§	Jointly Administered
Debtors.	§	CHAPTER 11
	§	

**BMO BANK, N.A.’S LIMITED OBJECTION AND RESERVATION OF RIGHTS TO
DEBTOR’S MOTION TO SELL VALLEY CHILI ROAD REAL PROPERTY,
IMPROVEMENTS, AND LIMITED PERSONALTY FREE AND CLEAR, AND TO PAY LIENS
AS PART OF SAME [DKT. NO. 182]**

BMO Bank, N.A. (“**BMO**”) hereby files this limited objection and reservation of rights (the “**Objection**”) to *Debtor’s Motion to Sell Valley Chili Road Real Property, Improvements, and Limited Personalty Free and Clear, and to Pay Liens as Part of Same* [Dkt. No. 182] (the “**Sale Motion**”). This Objection is supported by the record before the Bankruptcy Court in this Bankruptcy Case and by the following:

1. The Debtors commenced the above-captioned jointly-administered Chapter 11 bankruptcy cases on December 13, 2023.
2. Since the Petition Date, the Debtors have served as debtor and debtor-in-possession pursuant to 11 U.S.C. §§1107 and 1108.
3. On March 18, 2024, the Debtors filed the Motion to Sell. *See* Dkt. No. 182. Pursuant to the Motion to Sell, the Debtors are seeking to sell certain real property, improvements, and limited personalty “generally located at 380 Valley Chili Road, Vinton, TX (the “**Property**”)” free and clear of liens. *See* Motion to Sell at ¶ 6.
4. The Debtors acknowledge that BMO has a perfected and unavoidable lien on the Property securing a debt owed to BMO by the Debtors in the amount of at least \$14,780,855.46.

See Motion to Sell at ¶ 9; Agreed Order Authorizing Debtors' Limited Use of Cash Collateral, Granting Post-Petition Liens, and Granting Related Relief at ¶ 15(a).

5. The proposed sale price for the sale of the Property is \$2,750,000.00, and the Debtors estimate that BMO will receive \$1,184,334.98 from the proceeds of the sale of the Property (the actual net proceeds approved by BMO at closing will be referred to as the “**BMO Distribution**”). *See Motion to Sell at ¶¶ 12 and 21.*

6. The Debtors acknowledge that they cannot sell the Property without BMO's consent. *See Motion to Sell at ¶ 20.*

7. Notwithstanding the free and clear sale, BMO's liens must attach to 100% percent of the sale proceeds, and BMO must be paid directly from escrow.

8. BMO generally does not object to the proposed sale; however, BMO objects to the extent that (i) the terms of the sale change materially, (ii) the sale order does not provide for BMO's liens to attach to 100% of the sale proceeds (subject to acceptable carve-outs), (iii) BMO is not paid the BMO Distribution directly from escrow at the closing of the proposed sale, (iv) BMO does not expressly approve the final settlement/closing statement, including the use of the sale proceeds, and/or (v) the BMO Distribution is less than \$1,182,000.00. In addition, BMO must be given an opportunity to review and consent to the terms and form of any order approving the Motion to Sell and the proposed sale, prior to Court's approval of any such order. BMO reserves all of its rights and remedies with respect to the foregoing and the proposed sale.

Accordingly, BMO respectfully requests that any order approving the Motion to Sell and/or the proposed sale incorporate the foregoing conditions.

RESPECTFULLY SUBMITTED this 8th day of April, 2024.

JACKSON WALKER LLP

Kenneth Stohner, Jr.
2323 Ross Ave., Suite 600
Dallas, TX 75201
Tel. 214.953.6000
Fax 214.953.6803
kstohner@jwlaw.com

-and-

QUARLES & BRADY LLP

By: /s/ Catherine Allen
Catherine M.G. Allen (*pro hac vice*)
Jason D. Curry (*pro hac vice*)
One Renaissance Square
2 N. Central Ave., Suite 600
Phoenix, AZ 85004
Tel. 602.229.5626
Fax 602.229.5690
Jason.Curry@quarles.com
Catherine.Allen@quarles.com

*Counsel for BMO Bank N.A. fka
BMO Harris Bank N.A.*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on April 8, 2024, she caused a true and correct copy of the foregoing to be served via CM/ECF on all parties receiving notice via CM/ECF by causing the foregoing to be filed, and/or first class, U.S. Mail postage prepaid on the following.

Munsch Hardt Kopf & Harr, P.C.

500 N. Akard St.
Ste. 4000
Dallas, TX 75201
Attn: Davor Rukavina
Julian Preston Vasek
Counsel for Debtors

U.S. Trustee Office

110 N. College Ave., Room 300
Tyler, TX 75702
Attn: Marcus Salitore

/s/ Catherine Allen
Catherine Allen (*pro hac vice*)